INCOMING TELEGRAM *Department of State*

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Control: 9041
Rec'd: May 14, 1959
4:48 p.m.

FROM: Accra

TO: Secretary of State

NO: 633, May 14, 5 p.m.

PRIORITY

EMBTEL 626 and DEPTEL 590

At his request I called on Prime Minister today to discuss my letter May 9 re Volta River project.

Response my inquiry at outset Prime Minister said he had no report from Ambassador Chapman on his talk with Acting Secretary Dillon May 11. (This confirmed afterwards by Jackson who said Chapman being instructed report immediately).

During our conversation Prime Minister accepted completely and even enthusiastically the idea that Ghana should ask IBRD to act as "focal point" in examining financial aspects of the hydro-electric part of project. He agreed it best Ghana deal with an international organization of which it is member to obviate any feeling by third countries that GOG favors any particular country as organizer of finance or that private enterprise of any one country (US) would have advantage over competitors in third countries seeking participation in construction and supply of equipment.

Prime Minister said that at same time he recognizes fully and appreciates deeply the helpful role USG has played in "getting things started". He agreed it best at this stage to leave "focal point" function to IBRD but he nevertheless realized full well that US could be powerful friend acting "from the side" to (1) urge aluminum industry on, (2) stimulate IBRD's interest in close and helpful examination of project financing and (3) possibly help at later date with some DLF financing. He was happy to know (DEPTEL 590) what Acting Secretary Dillon thought could be done along these lines. He appreciated the limitations I had mentioned.

Somewhat

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Somewhat to my surprise Prime Minister readily accepted idea that without smelter it would be difficult if not impossible finance hydro-electric works. He was so confident of smelter that he passed over this point quickly but did say that on his recent trip to Guinea he had "talked with everybody" about their upcoming heavy production of alumina and that there could be no better place than Ghana to convert it into aluminum. He thought this itself could justify Volta power project "even if no bauxite is mined in Ghana".

In my opinion the conversation could not have gone better. Prime Minister was quick to appreciate and accept USG position. He thought it was proper and most helpful. He knew USG was his friend. He would follow the suggestions made.

FLAKE

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